

**CITY OF SHOREVIEW  
MINUTES  
REGULAR CITY COUNCIL MEETING  
April 18, 2015**

**CALL TO ORDER**

Mayor Martin called the regular meeting of the Shoreview City Council to order at 7:00 p.m. on April 18, 2015.

**PLEDGE OF ALLEGIANCE**

The meeting opened with the Pledge of Allegiance.

**ROLL CALL**

The following members were present: Mayor Martin; Councilmembers Johnson, Quigley, Springhorn and Wickstrom.

**APPROVAL OF AGENDA**

MOTION: by Councilmember Wickstrom, seconded by Councilmember Quigley to approve the April 18, 2015 agenda as submitted.

VOTE: Ayes - 5 Nays - 0

**PROCLAMATIONS AND RECOGNITIONS**

**Human Rights Commission Essay Contest**

Co-Chair Mary Johnson introduced other Human Rights Commission members in attendance, Mark Hodkinson and Sunny Chen. Each year the Commission participates in the Human Rights Commission Statewide Essay Contest. This year 6th, 7th and 8th grade students were asked to write an essay on excessive use of force by law enforcement when encountering a minority person. The student was asked to describe the situation and how civil rights of the person were affected by the actions taken. References should be made to the Universal Declaration of Human Rights, the U.S. Bill of Rights or the Minnesota Human Rights Act.

State officials will be selecting the prize winners within the next few weeks. Winners may win \$400, \$300 or \$200. The Shoreview Human Rights Commission has chosen two participant winners from Shoreview to be entered into the state contest. Second place is Cindy Candela Gonzaga, 7th grade at Highview Middle School. First place is Diana Cagigas, also at Highview Middle School.

## **CITIZEN COMMENTS**

There were none.

## **COUNCIL COMMENTS**

### **Mayor Martin:**

Gallery 96 is holding an exhibition at the library May 6, 2016 through June 3, 2016. The theme is "Gone Wild." There are photos and other art work on display.

An update from Canadian Pacific Railroad, regarding the rail intersection quiet zones in the City, indicates that the compliance work for all seven intersections in Shoreview and Little Canada is close to completion. There is a 21-day notice period for the implementation of the quiet zone. It is anticipated that the quiet zones will be in effect by the end of May.

Cleanup Day will be Saturday, May 21, 2016. Detailed information is available on the City website.

### **Councilmember Johnson:**

Huge congratulations to School Superintendent John Hoverman on the announcement of his retirement. He has played a critical role in School District 621 for the past 40 years. A scholarship has been established in his honor for School District 621.

The Lake Johanna Fire Department has been quite visible recently due to several incidents in the last few weeks. Residents are urged to thank them for their service to keep everyone safe.

Mayor Martin noted that all the firefighters are now trained as EMTs and are often the first responders to accidents and health emergencies.

### **Councilmember Quigley:**

The next Business Exchange meeting will be April 27, 2016, at 5:00 p.m., at the North Metro Event Center, now housed in the former Hampton Inn.

On Wednesday, April 20, 2016, the Environmental Quality Committee will have a presentation on the "State of the Waters," in the Council Chambers.

Noted a beekeeping event in the Council Chambers on Tuesday, April 19, 2016. City Planner Kathleen Castle added that it is a joint workshop with the City Council, Planning Commission and Environmental Quality Committee to consider a possible text amendment to the ordinance. A representative from the Bee Lab at the University of Minnesota will make a presentation.

### **Councilmember Wickstrom:**

The Annual Spring Concert by the Shoreview Northern Lights Variety Band will be held Saturday, April 23, 2016, at Benson Great Hall at Bethel University. The concert begins at 7:00 p.m. Tickets can be purchased at City Hall or at the [snlvb.com](http://snlvb.com) website. Tickets are \$10 if purchased in advance, or \$15 at the door. The theme is on National Parks.

**Councilmember Springhorn:**

The Annual Leadership Luncheon will be Wednesday, May 4, 2016. Anyone interested may contact Councilmember Springhorn.

The Second Annual Mayors Challenge Golf Tournament will take place in June at Keller Golf Course at 11:00 a.m. The cost is \$150.00 for golfing including dinner. Registering as a foursome is \$137.00. If only attending the dinner, the cost is \$35.00.

**CONSENT AGENDA**

Councilmember Springhorn requested that No. 7 be pulled for separate discussion. He noted that all the cities in Ramsey County have been requested to pass a resolution in support of the “A Start by Believing Community Initiative” in support of victims of sexual violence. He attended a kickoff event for this initiative. Participants were asked to sign a pledge card to help this initiative. He distributed pledge cards to the Council.

MOTION: by Councilmember Wickstrom, seconded by Councilmember Quigley to adopt the Consent Agenda for April 18, 2015, and all relevant resolutions for item Nos. 1 through 12:

1. April 4, 2016 City Council Meeting Minutes
2. Receipt of Committee/Commission Minutes:
  - Economic Development Authority, March 14, 2016
  - Planning Commission, March 22, 2016
3. Monthly Reports:
  - Administration
  - Community Development
  - Finance
  - Public Works
  - Park and Recreation
4. Verified Claims in the Amount of \$786,961.71
5. Purchases
6. License Applications
7. Resolution in Support of the “Ramsey County: A Start by Believing Community Initiative”
8. Approval of MPCA Environmental Assistance Grant Application-City Sustainability Planning
9. Approval of Supplemental Water Patrol Agreement
10. Approval of Supplemental Water Patrol Agreement
11. Approval of December 31, 2015 Interfund Transfers and Loans
12. Declaration of Intent to Bond

VOTE:                      Ayes - 5                      Nays – 0

## **PUBLIC HEARING**

### **PROPOSED MODIFICATION OF MUNICIPAL DEVELOPMENT DISTRICT NO. 2, ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 10 (A REDEVELOPMENT DISTRICT) AND ADOPTION OF A TAX INCREMENT FINANCING (TIF) PLAN, AND APPROVAL OF A TAX INCREMENT DEVELOPMENT AGREEMENT - ELEVADE DEVELOPMENT GROUP MIXED-USE HOUSING/RETAIL DEVELOPMENT PROJECT**

#### **Presentation by Asst. City Manager/Community Development Director Tom Simonson**

The proposal is to adopt a TIF Plan to establish TIF District No. 10, a Redevelopment District and to authorize execution of a TIF Development Agreement between Elevage and the City of Shoreview.

The project consists of a 5-story mixed-use building with 134 apartments, 6,800 square feet of ground floor retail space and 14 rental townhomes on the west end of the site. There are 5 parcels proposed to be included in TIF District No. 10--4 residential and 1 commercial property.

The developer explains that the reason for requesting TIF assistance is because of the extraordinary costs associated with redevelopment, including property acquisition, demolition and cleanup, a storm water system, parking facilities and other site improvements.

The City hired the firm, LHB to conduct inspections. A detailed report was submitted to the City showing that the four properties of the project area qualify as a Redevelopment TIF District. A Redevelopment District carries a maximum duration of 25 years, which is proposed for TIF District No. 10. The TIF Plan incorporates the LHB report.

The TIF Plan has been submitted to the Mounds View School District and Ramsey County as per notification requirements. No comments have been received to date. On March 27, 2016, the Planning Commission adopted a resolution indicating that the TIF Plan is consistent with the City's general plan for development and redevelopment and with the City's Comprehensive Plan, as required by state law.

The five parcels to be included in the TIF District have a market value of \$1.7 million, as determined by Ramsey County. Once the development is complete, the projected site value is \$29,655,000. A Minimum Assessment Agreement will be executed between the City, County and Developer to set the value of \$29,655,000 for the 25-year term of the District. This amount cannot decrease but can increase.

The Development Agreement provides for "gap financing" in the amount of \$2,950,000, and identifies eligible costs that can be financed with TIF reimbursement. The City will issue a TIF Revenue Note to the Developer based on the City's policy of "pay-as-you-go," which means the project must be completed with sufficient TIF revenues generated in order for TIF reimbursement to the Developer. There is no financial risk to the City. The Developer will be required to provide invoices to the City to verify eligible costs for TIF reimbursements. Cash

flow projections show that the TIF note to the developer will likely be paid off by year 11 of the 25-year term. The City can then decertify the TIF District prior to the 25-year term.

In response to Ramsey County's request, the Development Agreement allows up to 8 affordable apartment units of the 134 total. The remaining units will be at market rate. The County has indicated that funding is available to support no more than 4 affordable units. There is no requirement on the part of the City to provide affordable units. The final number will be determined by the Developer and the County. Affordable means units available to persons at or below 80% of the median income of \$55,440 for a two-person household. The City's Economic Development Authority (EDA) reviewed the County's request and agreed to a small number of units at affordable rates. The EDA has thoroughly reviewed the TIF proposal and recommends approval. There is a 10:1 ratio of private dollars for the tax increment generated.

The TIF Development Agreement provides for the City to retain 25% of the tax increment generated, as allowed by state law. These funds can be pooled to assist with other redevelopment projects. The City's share, based on cash flow projections, is expected to be approximately \$1.3 million. The Agreement also allows the City to use tax increment funds for eligible future transportation improvements on Rice Street. A potential right-turn access into the site has been discussed when Ramsey County reconstructs the road.

Councilmember Quigley asked if the City would be pooling tax increment funds after the District is closed. Mr. Simonson responded that once the District is decertified, no further pooling of increment funds can take place.

Mayor Martin asked if the 25% pooling is distributed on an annual basis. Mr. Simonson stated that the County sends the City a notice of revenue captured through the TIF District twice per year. The City would then distribute 75% to the Developer and pool 25% for the City. The \$1.3 million is based on payoff in 11 years.

City Attorney Kelly stated that he has reviewed the affidavit for public notice, which meets all requirements.

Mayor Martin opened the public hearing. There were no comments or questions from the public.

MOTION: by Councilmember Quigley, seconded by Councilmember Wickstrom to close the public hearing at 7:40 p.m.

VOTE: Ayes - 5 Nays - 0

Councilmember Johnson, President of EDA, stated that this parcel has been identified on the EDA Work Plan as one for redevelopment. She emphasized that the TIF funding is not taxpayer dollars. The project meets all requirements for a TIF District, and the EDA voted unanimously to approve it.

Mr. Simonson stated that the City does not issue any bonds or debt up front to give funds to the Developer. He further explained that the developer pays taxes on the current value of the five

properties and future projected value. The County captures the difference between the pre-development taxes and post-development taxes, which is the increment distributed to the City. The City then reimburses the Developer.

Councilmember Quigley noted TIF eligible expenses that include a storm water system estimated at \$75,000; underground parking estimated at over \$1 million; and demolition, landscaping and trails. The numbers work well and are compelling for him to support this TIF Plan.

MOTION: by Councilmember Johnson, seconded by Councilmember Quigley to adopt Resolution 16-31, approving the modification to the Municipal Development District No. 2 and Tax Increment Financing Plan for the creation of a new Tax Increment District No. 10, a Redevelopment District; and to adopt Resolution 16-32 approving a Tax Increment Financing Development Agreement with Elevage Development Group LLC for the mixed-use housing redevelopment project and authorizing execution of said agreement subject to minor changes as approved by the City Manager and City's legal counsel.

ROLL CALL: Ayes: Johnson, Quigley, Springhorn, Wickstrom, Martin  
Nays: None

**FINAL PLAT/PUD - ELEVAGE DEVELOPMENT GROUP, LLC, 350 RUSTIC PLACE,  
157/185 COUNTY ROAD E, 3521 RICE STREET**

**Presentation by City Planner Kathleen Castle**

The Final Plat and Final Planned Unit Development (PUD) is to redevelop properties at 3500 Rustic Place, 185/157 County Road E, and 3521 Rice Street with a mixed-use structure for 134 apartment units with 6,800 square feet of commercial space and 14 townhome units to be located in two buildings. The Final Plat divides the property into two lots. Minor modifications are needed to the proposed utility easements.

The Final PUD shows flexibility for structure setbacks, building and parking that were previously approved. Screening is shown on the north lot line and includes landscaping with plants that exceed the City's minimum requirements. Fencing adjacent to 3520 Rustic Place is recommended and is included in the Development Agreement.

Elevage has purchased the property at 3527 Rice Street with plans to maintain it as a single-family use for the short term. When that property is developed, it will go through the City's review process. Landscaping requirements are addressed in the Development Agreement. An oak wilt management plan is required. The Developer has met with a certified arborist and will submit an oak wilt management plan to the City for review.

Staff is recommending approval of the Final Plat, the Final PUD and the Development Agreement.

Councilmember Wickstrom verified with the Developer that satellite dishes, bikes and grills will not be allowed on the balconies. She suggested that it would be appropriate to rename County Road E, as it is a City street. City Manager Schwerm stated that staff will work with the Developer on the street name and report back to the Council.

Mayor Martin opened discussion to public comment. There were no comments or questions.

**MOTION:** by Councilmember Wickstrom, seconded by Councilmember Johnson to approve the Final Plat and Final PUD applications, including the Site Development Agreements, submitted by Elevage Development Group to plat and redevelop the properties at 3500 Rustic Place, 185/157 County Road E and 3521 Rice Street with a mixed-use high density residential development, subject to the following conditions:

1. The Final Plat shall be revised to include:
  - a. 10-foot drainage and utility easements along the road rights-of-ways
  - b. 20-foot wide drainage and utility easement that transcends Lot 1. The proposed storm sewer line in this easement area does not serve a public purpose and will remain private.
2. A public use dedication fee shall be submitted as required by ordinance prior to release of the Final Plat by the City.
3. The applicant is required to enter into a Site Development Agreement and Erosion Control Agreement with the City, including the submittal of the financial sureties. Said agreements shall be executed prior to the release of the Final Plat.
4. The Landscape Plan shall be revised to include privacy fencing with a maximum height of 6 feet, adjacent to the property at 3520 Rustic Place.
5. The items identified in the City Engineer's memo shall be addressed prior to the issuance of any City permits.

This approval is based on the following findings of fact:

1. The proposal supports the policies in the City's Comprehensive Plan relating to land use and housing.
2. The subdivision complies with the City's development code standards for plats and residential development.
3. The proposed residential use will not adversely impact the planned land use of the surrounding property.
4. The Final Plat and Final PUD are consistent with the previous City approvals.

Discussion:

Mr. Mergens, Elevage, thanked the City Council and staff for the time and work that has been given to this project. Elevage Group is excited to begin and bring a beautiful development to the City. As soon as the construction loan documents are signed and architectural building plans completed, the work will begin.

Councilmember Wickstrom asked about information notices to neighbors, keeping traffic off Rustic Place, and work hours. Mr. Mergens stated that the Development Agreement requires that all construction traffic be parked onsite. Information will be provided to neighbors as the project progresses. Ms. Castle stated that work hours are 7:00 a.m. to 9:00 p.m. Monday through Friday; 8:00 a.m. to 7:00 p.m. on Saturdays and no work on Sundays and holidays.

ROLL CALL: Ayes: Quigley, Springhorn, Wickstrom, Johnson, Martin  
Nays: None

### **AUTHORIZE AGREEMENT WITH WATERSMART**

#### **Presentation by Public Works Director Mark Maloney**

Fifteen years ago, approximately 13% of Shoreview water produced was unaccounted for through leaks and meters not performing correctly. That has been reduced to less than 5%; the average is 10%. The City has accomplished significant water conservation in the last 15 years.

In its ongoing efforts in conservation, the City received an ENRTF (Environmental Natural Resource Trust Fund) grant in the amount of \$54,000 to begin a “Know Your Flow Program” with 400 properties in the City from 2016 to 2018. The premise is whether, with better and faster information, residents would be better able to conserve more water. A professional services agreement is proposed with WaterSmart, a firm that has developed a website program that establishes a “portal” site for each utility billing customer to allow access to individual water usage information.

WaterSmart is a west coast firm that has developed a system using public customer data to measure water consumption based on individual property features, such as number of bedrooms and lot size. Individual customer data is the basis for water conservation recommendations to that customer. The data is given to property owners through mailed reports and a mobile device app. The system is sophisticated and can pinpoint unaccounted for water uses like leaky toilets or a meter that is not performing accurately. There are links to videos that show how to make needed repairs. The ENRTF grant administrators have fully approved using the WaterSmart system within the “Know Your Flow Program.” The goal is to give direct information to residents on their water usage.

The total estimated costs to use the WaterSmart system is \$86,100 for 2016 to 2018. ENRTF has already agreed that \$17,000 from the grant can be used. The City Water Fund would fund \$69,100. The first year will work with the 400 property owners. The next two years will be a random selection of 4,000 water accounts, although all residential customers would have access to data on their water use. That is approximately half of the water accounts in the City.

MOTION: by Councilmember Wickstrom, seconded by Councilmember Springhorn to authorize a Professional Services Agreement with WaterSmart Software for customer engagement and analytic activities in conjunction with Shoreview’s water conservation program.



ROLL CALL:           Ayes: Wickstrom, Springhorn, Johnson, Quigley, Martin  
                  Nays: None

Before adjournment Mayor Martin wished goodbye and safe journey to City Attorney Joe Kelly, who has been deployed. She thanked him for the service he has given to the City.

**ADJOURNMENT**

MOTION:     by Councilmember Johnson, to adjourn the meeting at 8:20 p.m.

VOTE:                       Ayes - 5                       Nays - 0

Mayor Martin declared the meeting adjourned.

THESE MINUTES APPROVED BY COUNCIL ON THE 2<sup>nd</sup> DAY OF MAY, 2015.

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Terry Schwerm  
City Manager